

Senate Study Bill 1055

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to an increase in the taxes on cigarettes and
2 tobacco products and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1023XC 82
5 pf/gg/14

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1 1 Section 1. Section 453A.6, subsection 1, Code 2007, is
2 amended to read as follows:

1 3 1. There is imposed, and shall be collected and paid to
1 4 the department, ~~the following taxes~~ a tax on all cigarettes
1 5 used or otherwise disposed of in this state for any purpose
1 6 whatsoever+.

1 7 ~~CLASS A. On cigarettes weighing not more than three pounds~~
1 8 ~~per thousand, eighteen mills on each such cigarette.~~

1 9 ~~CLASS B. On cigarettes weighing more than three pounds per~~
1 10 ~~thousand, eighteen mills on each such equal to six and eight=~~
1 11 ~~tenths cents on each cigarette.~~

1 12 Sec. 2. Section 453A.40, subsection 1, Code 2007, is
1 13 amended to read as follows:

1 14 1. All of the following persons shall be subject to an
1 15 inventory tax on the following items as provided in this
1 16 section:

1 17 a. All persons required to obtain a permit or to be
1 18 licensed under section 453A.13 as distributors or 453A.44,
1 19 having in their possession and held for resale on the
1 20 effective date of an increase in the tax rate cigarettes, or
1 21 little cigars, or tobacco products upon which the tax under
1 22 section 453A.6 or 453A.43 has been paid, unused cigarette tax
1 23 stamps which have been paid for under section 453A.8, or
1 24 unused metered imprints which have been paid for under section
1 25 453A.12 shall be subject to an inventory tax on the items as
1 26 provided in this section.

1 27 b. All consumers having for use or storage on the
1 28 effective date of an increase in the tax rate, tobacco
1 29 products upon which the tax under section 453A.43 has been
1 30 paid.

1 31 c. All consumers subject to section 453A.46, subsection 6,
1 32 who have acquired title to or possession of tobacco products
1 33 for storage in this state, upon which tobacco products the tax
1 34 imposed by section 453A.43 has not been paid.

1 35 Sec. 3. Section 453A.43, subsections 1, 2, and 3, Code
2 1 2007, are amended to read as follows:

2 2 1. A tax is imposed upon all tobacco products in this
2 3 state and upon any person engaged in business as a distributor
2 4 of tobacco products, at the rate of ~~twenty-two~~ fifty-five
2 5 percent of the wholesale sales price of the tobacco products,
2 6 except little cigars as defined in section 453A.42. Little
2 7 cigars shall be subject to the same rate of tax imposed upon
2 8 cigarettes in section 453A.6, payable at the time and in the
2 9 manner provided in section 453A.6; and stamps shall be affixed
2 10 as provided in division I of this chapter. The tax on tobacco
2 11 products, excluding little cigars, shall be imposed at the
2 12 time the distributor does any of the following:

2 13 a. Brings, or causes to be brought, into this state from
2 14 without the state tobacco products for sale.

2 15 b. Makes, manufactures, or fabricates tobacco products in
2 16 this state for sale in this state.

2 17 c. Ships or transports tobacco products to retailers in
2 18 this state, to be sold by those retailers.

2 19 2. A tax is imposed upon the use or storage by consumers
2 20 of tobacco products in this state, and upon the consumers, at
2 21 the rate of ~~twenty-two~~ fifty-five percent of the cost of the
2 22 tobacco products.

2 23 The tax imposed by this subsection shall not apply if the
2 24 tax imposed by subsection 1 on the tobacco products has been
2 25 paid.

2 26 This tax shall not apply to the use or storage of tobacco
2 27 products in quantities of:

2 28 a. Less than 25 cigars.

2 29 b. Less than 10 oz. snuff or snuff powder.

2 30 c. Less than 1 lb. smoking or chewing tobacco or other
2 31 tobacco products not specifically mentioned herein, in the
2 32 possession of any one consumer.

2 33 3. Any tobacco product with respect to which a tax has
2 34 once been imposed under this division shall not again be
2 35 subject to tax under ~~said~~ this division, except as provided in
3 1 section 453A.40.

3 2 Sec. 4. EFFECTIVE DATE. This Act takes effect on the
3 3 first day of the month following enactment.

3 4 EXPLANATION

3 5 This bill increases the tax on cigarettes and little cigars
3 6 from 36 cents to \$1.36 per package of 20 cigarettes or little
3 7 cigars and on tobacco products from 22 percent to 55 percent
3 8 of the wholesale price. The bill subjects tobacco products to
3 9 an inventory tax which is imposed when the tax rate is
3 10 increased.

3 11 The bill takes effect the first day of the month following
3 12 enactment.

3 13 LSB 1023XC 82

3 14 pf:nh/gg/14